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## **Signing of budget bills signifies path to fiscal health**

*Snyder enacts first structurally balanced budget in years*

LANSING, Mich. – Gov. Rick Snyder today signed House Bills 4526 and 4325, putting Michigan's budget on a strong footing that provides fiscal stability now and into the future. It is the first time in three decades that the state's budget has been resolved this early, and it gives citizens and businesses the assurance that Michigan has its fiscal house in order.

"This is a significant step in restoring Michigan's financial health and creating an economic environment that puts families back to work," Snyder said. "We've made the difficult but necessary decisions that will keep spending in check and put Michigan on the path to prosperity. This achievement shows what our state can accomplish when we all work together. Lt. Gov. Brian Calley, House Speaker Jase Bolger, Senate Majority Leader Randy Richardville and the entire Legislature set excellent examples through their leadership and cooperation. Coupled with other reforms such as our revised tax structure, this balanced budget lets families and job providers know that Michigan is the place to be."

"The budget signed today reins in spending, pays down debt, and creates a structurally sound fiscal base for our future," said House Speaker Jase Bolger, R-Marshall. "Voters sent us to Lansing to change the way government operates and I think we've proven we can do that. Michigan's taxpayers can no longer afford to be as generous as they once were, nor do they have the patience for political games that drag the government to the brink of shutting down, as we are seeing in other states this year. I'm proud of the work we've done with our colleagues in the Senate and the Governor's Office and look forward to how much more we can accomplish this year by working together."

"This budget is a comprehensive solution for Michigan," said Senate Majority Leader Randy Richardville, R-Monroe. "For the first time in years, the Senate passed a budget months in advance of our constitutional deadline making it possible for schools and municipalities to plan for their own financial future without having to rely on speculation and assumption. We have done away with relying upon one-time fixes and gimmicks and have delivered a sound fiscal plan for the citizens of our great state. Completion of the budget is the critical first step in moving Michigan forward and has set the tone for all of the work yet to be accomplished by the Legislature."

The \$46 billion ongoing base budget is for the fiscal year that begins Oct 1. Budget highlights include:

- A break from the bad habits of the past. This budget contains no gimmicks or one-time money used for ongoing programs – the can is no longer being kicked down the road. It eliminates Michigan's \$1.5 billion deficit.
- A positive step toward addressing the state's long-term liabilities by putting \$280 million toward our post-employee benefit liability, and another \$133 million to a debt restructuring fund to reduce the costs of future post-employment liabilities.
- Solid financial principles that will help move Michigan toward regaining the coveted AAA bond rating status. Getting back to AAA status means Michigan will save millions of dollars on interest in borrowing costs.
- The addition of \$255 million to the Budget Stabilization Fund to account for unforeseen emergencies or declines in revenue.
- The replacement of statutory revenue sharing payments for cities, villages and townships in fiscal year 2012 with a new incentive-based revenue sharing program available to local governments that meet state standards and adopt best practices.
- An additional \$50 million for economic gardening; Brownfield and Historic funding to be used by the Michigan Economic Development Corporation through the Michigan Strategic Fund.
- A commitment to the film industry in Michigan with an appropriation of \$25 million and the ability to fund projects with the primary goal of creating jobs and supporting a sustainable film industry.
- Recognition of the importance of physical health and prevention through \$8 million in Healthy Michigan program funding to be distributed by the Department of Community Health.
- A lifetime limit of 48 months with exemptions for incapacity and hardship for families receiving cash assistance through the Department of Human Services' Family Independence Program.
- Allocation of \$134 million to local governments as grants and loans for environmental cleanup and pollution prevention, including \$25 million for Great Lakes restoration efforts.
- A total of \$25 million for the Pure Michigan campaign to promote Michigan and enhance tourism.
- No reductions in Medicaid services or rates to our state's most vulnerable and needy.
- Funding for Michigan's 15 public universities that provides incentives for restraint on tuition increases.
- Employee concessions to be negotiated with represented employee organizations that result in savings of \$145 million.

“This budget is as strong as any that I’ve been around,” said John Nixon, state budget director. “I’ve put together numerous budgets over the years and this is a responsible budget that marks the start of Michigan’s resurgence.”

Items vetoed by the governor are the pre-college engineering program within the Department of Treasury; the special adoption subsidy within the Department of Human Services; the mental health study for juvenile justice facilities within the Department of Human Services; and the earmark for education and training funds for nonprofit organizations representing the mining industry found within the Department of Licensing and Regulatory Affairs.

H.B. 4526 is the omnibus budget bill while H.B. 4325 is the omnibus education bill.

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